

# Multi-state Cooperative Societies

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**Context-** Recently, the Union Cabinet has approved for the creation of three new multi-state cooperative societies.

## Key Highlights

- The Government will set-up three new cooperative bodies under the Multi-State Cooperative Societies (MSCS) Act, 2002 i.e.
  - National multi-state cooperative export society,
  - National multi-state cooperative organic society
  - National multi-state cooperative seed society
- These societies will act as national nodal points for several purposes such as production, procurement, processing, branding, labelling, packaging, storage, marketing and distribution of quality seeds.

## Key roles of proposed societies:

- To manage several activities related to the organic sector by providing certified and authentic organic products.
- Promotion of seed replacement rate (SRR), variety replacement rate (VRR) and to reduce the yield gaps and enhance productivity
- To hold strategic research and development(R&D).
- To develop a system for preservation and promotion of indigenous natural seeds.

## Significance

- It will help in promoting organic products, seeds and exports. Higher exports will also help increase production of goods and services by the cooperatives at various levels, generating more employment.
- It will facilitate business by several cooperative societies across the country with support from relevant union ministries.
- Processing of goods and enhancing the services in order to match international standards will also generate additional employment.
- Increased export of cooperative products would also promote “Make in India”, leading to Atmanirbhar Bharat.”

## **Cooperative Societies**

- The term cooperative Societies was for the first time used during the farmers’ protest against exorbitant interest rates charged by bankers of Poona and Ahmednagar.
- It came with structure and shape post British enactment of the Cooperative Credit Societies Act, 1904.
- The act drafted cooperation as a provincial subject and the provinces were authorised to make their own cooperative laws under the Montague-Chelmsford Reforms.
- The categorization carried on to the Government of India Act, 1935. In 1942, the Government of British India enacted the Multi-Unit Cooperative Societies Act to cover Cooperative Societies with membership from more than one province.

## **Present status:**

- After independence cooperatives became an integral part of the Five-Year Plans. In 1984, the Parliament of India enacted the Multi-State Cooperative Societies Act in order to remove the plethora of different laws governing the same types of societies.
- Multi State cooperative societies are a state subject, but there are many societies such as those for sugar and milk, banks, milk unions etc whose members and areas of operation are spread across more than one state.
- They draw their membership from both states, and they are thus registered under the MSCS Act and their board of directors has representation from all states they operate in.
- Administrative and financial control of these societies is with the central registrar, with the law making it clear that no state government can wield any control on them.

## **Constitutional Provisions**

### **Fundamental Rights:**

- Article 19: Right to form cooperatives, Associations or Unions.

### **Directive Principles of State Policy (DPSP)**

- Article 43: The State shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas.

### **Major committees/reports on Cooperatives**

- 1954: All-India Rural Credit Survey Committee Report
- 1990: Chaudhary Brahm Prakash Committee

- 1996: Mirdha Committee
- 2000: Jagdish Kapoor Committee
- 2001: Vikhe Patil Committee
- 2004: V. S. Vyas Committee

## Way Ahead

- Multi-state cooperative societies are not restricted to a single state further, there is a need to support the voluntary establishment and democratic operation of cooperatives.
- The proposed step is in the right direction to not only aid in their functional autonomy but also advancement of the economic and social well-being of the members.

### Multi State Cooperative Society (MSCS) Act

- The MSCS Act of 2002 was enacted to consolidate and amend the laws related to cooperative societies and it substituted the Multi State Cooperative Societies Act of 1984.
  - The Act was passed in 2002 with an aim to facilitate the incorporation, functioning, and organization of the cooperative societies that have its jurisdiction in more than one state.
  - The Act also ensures voluntary formation and proper operation of the Multi State Cooperative Societies that are member-driven institutions, and they are based on self-help and mutual aid.
  - The Multi-State Co-operative Societies (Amendment) Bill, 2022, was first introduced in the Lok Sabha on December 7, 2022. Further it amends the Multi-State Co-operative Societies Act, 2002.
  - “Multistate Cooperative Society” is a society registered or deemed to be registered under this act and includes a national cooperative society and a federal cooperative.
- **Aim & Objectives:**
    - To work in the interest and welfare of the members in more than one state.
    - Social and economic betterment of its members by self-help and mutual aid
    - To organize cooperative education programs for its members, employees, as well as for directors.
  - **Eligibility:**
    - It is not mandatory for society to have branches in more than one state, however it may have it limited to one state, and it shall not cease to be a “Multi State Cooperative Society,” as long as it serves the interest of members in more than one state.

### Right to vote:

- Every member who is entitled to subscribe the shares of the society are entitled to voting rights.
- A Cooperative Society may extend its jurisdiction by converting into an MSCS by an amendment to its bye-laws, provided that such amendment shall be registered by the

Central Registrar.